

## VineBiz Financial Ready Reckoner Wine Grape Business Analysis

VineBiz is an Excel-based financial Ready Reckoner that allows growers to analyse their gross margin return by block, variety or entire enterprise simply by inputting the area of grapes they grow by variety, the tonnages harvested and the prices obtained against the cost of production data for the whole vineyard.

In short, it determines which parts of a grape growing enterprise are making money and which are not. If, after doing this analysis, it does not seem likely that growers can improve their bottom line, then they can start exploring the alternative business models to determine whether that will improve their position and whether their business is sustainable.

Developed by Wine Grape Growers' Australia, VineBiz is designed to be delivered in a module based format. This allows the content to be split and staged over a period of time. Regional associations can thus present information sessions or workshops according to demand, using presenters with local knowledge and regional case studies.

Individual topics in the Basic and Advanced sections include:

- A Management Unit Income Summary to track the production and return from individual management units (block/patch/variety)
- Cost of Production Data, including allocation of operating and overhead costs for calculating the gross margin
- Benchmarking the performance of your vineyard with those from the same region, other regions and major international competitors
- Detailed Management Unit Analysis, which captures all of the costs involved in operating a particular block/patch and analyses the profitability using gross margin calculations
- Detailed Vineyard Analysis, which compares production income and costs over the last five seasons
- A Water Purchase Calculator, which can be used to help determine if extra water is justified and to calculate the cost benefit of this decision

- A Cash Flow Budget to plan for income, expenses and financing requirements throughout the year
- A Statement of Position that lists all assets and liabilities
- A Financial Summary, including key financial ratios often used by banks and other financial institutions.

A number of analytical tools also are provided, including:

- Gross Margin & Profitability (Sensitivity Analysis)
- Current Water Use and Purchase Requirement Analysis
- Water purchase (Sensitivity Analysis)
- Re-structuring (Cost Comparison)
- Relating price paid for fruit to end use

The VineBiz CD-ROM and Growers' Guide cost \$55 for WGGA members and \$110 for non-members (plus \$5 postage and handling). They are available through WGGA's Secretariat. Alternatively, WGGA can organise regional VineBiz workshops.



Main Menu		Benchmarks (per hectare)		Benchmarks (per tonne)		
<b>START</b> Basic Data Input Current Year	Vineyard Details	Operating and Overhead Costs	Average Yield (t/ha)	19.5		
			Gross Vineyard Income (\$/ha)	\$ 7,985	Gross Vineyard Income (\$/t)	\$ 386
			less Vineyard Operating Costs (\$/ha)	\$ 4,318	less Vineyard Operating Costs (\$/t)	\$ 209
			gives Vineyard Gross Margin (\$/ha)	\$ 3,668	gives Vineyard Gross Margin (\$/t)	\$ 177
			less Vineyard Overhead Costs (\$/ha)	\$ 3,005	less Vineyard Overhead Costs (\$/t)	\$ 145
			less Debt Servicing Costs (\$/ha)	\$ 851	less Debt Servicing Costs (\$/t)	\$ 41
			gives Business Return (\$/ha)	\$ (189)	gives Business Return (\$/t)	\$ (9)
Advanced Options Detailed Input Historical Data	Management Unit		Vineyard Performance	Cash Flow	Statement of Position	
	All Management Units	Individual Management Unit	Historical Summary			
Benchmarks (Financial Ratios)						
			Operating Costs / Income	51%		
			Overheads / Income	38%		
			Business Return / Income	1%		
			Debt Servicing / Income	11%		
			Vineyard Return / Debt Servicing	110%		
			Equity	53%		
			Vineyard Return / Assets	1.4%		
Analytical Tools What if Scenarios						
What is my Gross Margin & Profitability (Sensitivity Analysis)	Can I afford additional Water Use/Purchase	Should I be thinking about Re-structuring (Cost Comparison)	I would like to have a better understanding of Relating fruit price to end use (\$/t vs \$/bottle)			
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